

Message Text

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ACTION ARA-14

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FM USINT HAVANA

TO SECSTATE WASHDC 191

INFO AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

C O N F I D E N T I A L HAVANA 0209

EO 11652: GDS

TAGS:EEWT EQIP UR CU

SUBJ: CUBAN INDUSTRIAL EQUIPMENT IMPORTS

1. USINT OFFICER (GLASSMAN), SEPTEMBER 26, CALLED ON PEDRO PEREZ, VICE-PRESIDENT, AND JAMIE GISPERT, CHIEF OF TRADE DEPARTMENT, RESPECTIVELY, OF MAQUIMPORT, EXCLUSIVE CUBAN IMPORTERS OF INDUSTRIAL EQUIPMENT AND MAJOR SPARE PARTS. PEREZ AND GISPERT WERE ACCOMPANIED BY NELSON GONZALEX OF MINCEX.

2. CUBANS STATED THAT, AS PART OF 1980-TERMINATING LONG-TERM AGREEMENTS WITH USSR AND OTHER EAST EUROPEANS, SOVIETS AND SOME OTHER EE'S HAD AGREED TO PROVIDE CREDIT AT FIVE TO SEVEN PERCENT INTEREST FOR CAPITAL OVERHAULS, AS REQUIRED, IN MOST MAJOR BRANCHES OF INDUSTRY (SUGAR, ELECTRICAL, AND METALLURGICAL SECTORS WERE CITED.)

3. CUBANS SAID THAT, DESPITE MAJOR EQUIPMENT COMMITMENTS FROM USSR AND EE'S UNDER PARA 2 AGREEMENTS, STILL SOME FIFTY PERCENT (BY VALUE) OF CUBAN INDUSTRIAL EQUIPMENT AND MAJOR SPARE PARTS COME FROM CAPITALIST WORLD. ALL 1976 CONTRACTS THAT HAD BEEN POSTPONED (RENEGOTIATED") BECAUSE OF FOREIGN EXCHANGE, INVENTORY, CONFIDENTIAL

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AND PORT CONGESTION DIFFICULTIES WOULD BE FULFILLED BY DECEMBER 31, 1977, THEY SAID. (FYI ON INVENTORY PROBLEM, SEE PARA 5 BELOW.) NEW CONTRACTS SIGNED IN CAPIALIST COUNTRIES IN 1977 WOULD AMOUNT TOSOME 20 MILLION DOLLARS, DOWN FROM THE USUAL 0 MILLION DOLLAR ANNUAL FIGURE. (FYI THIS FIGURE DOES NOT INCLUDE IMPORTS OF COMPLETE PLANTS AND PRODUCTION LINES WHICH ARE RESPONSIBILITY OF STATE COMMITTEE ON ECONOMIC COLLABORATION,

NOR OF VERY SMALL PARTS SUCH AS HARDWARE WHICH ARE HANDLED BY FERRIMPORT.) ACCORDING TO FERRIMPORT, SEPTEMBER 21, SMALL PARTS PURCHASES USUALLY RUN 50 MILLION DOLLARS PER YEAR FROM CAPITALIST COUNTRIES AND 20 MILLION DOLLARS PER YEAR FROM SOCIALIST COUNTRIES. FERRIMPORT SAID THAT 1977 PURCHASES FROM WEST WERE SHARPLY DOWN.

4. CUBANS SAID THAT MAJOR INDUSTRIAL SPARE PARTS PROCURED IN CAPITALIST WORLD WERE GENERALLY SMALLER VALUE ITEMS, WITH LARGE DEMAND IN CUBA, WHICH SOVIETS AND EE'S DID NOT PRODUCE WELL, FOR EXAMPLE, ELECTRIC MOTORS, ELECTRIC CABLES, TRANSFORMERS, PUMPS AND INDUSTRIAL REFRIGERATION EQUIPMENT. CUBANS SAID THAT DEPENDENCE ON AMERICAN SPARE PARTS HAD BEEN SIGNIFICANTLY REDUCED SINCE 1970 BY MANUFACTURE OF DOMESTIC SPARES. NONETHELESS, CUBANS OUTLINED SEVERAL CASES IN WHICH EMBARGO HAD IMPINGED ON PLANNED PURCHASES (E.G., HONEYWELL AUTOMATIZED SUGAR MILLING SYSTEM).

5. CUBANS SAID THEIR PRINCIPAL DOMESTIC CLIENT IN COMING YEARS WOULD BE THE STATE COMMITTEE ON MATERIAL-TECHNICAL SUPPLY (CEATM). COMMITTEE, CREATED LAST YEAR, WOULD HOLD ALL SPARE PARTS USED IN ALL BRANCHES OF THE ECONOMY. INDIVIDUAL INDUSTRIAL MINISTRIES WOULD ALSO MAINTAIN CENTRALIZED MATERIAL-TECHNICAL SUPPLY SECTORS (ATM'S) FOR PARTS AND EQUIPMENT PARTICULAR TO THAT INDUSTRY. (COMMENT: FERRIMPORT PRESIDENT CARLOS RODRIGUEZ BENITEZ TOLD USINT OFFICER, SEPTEMBER 21, THAT CEATM INHERITED SPARE PARTS AND WAREHOUSES FORMERLY MAINTAINED BY INDIVIDUAL ENTERPRISES. NEW CENTRALIZED STORAGE/MANAGEMENT SYSTEM, RODRIGUEZ SAID, WILL HOPE-
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FULLY REDUCE DUPLICATION OF SPARE PARTS INVENTORIES AND PURCHASES. PRESUMABLY, UNCERTAIN STATE OF CEATM INVENTORY AND PROBABLE SURPLUSES IN SOME PARTS/EQUIPMENT CATEGORIES MAY HAVE ALSO PLAYED ROLE, ALONG WITH FINANCIAL AND PORT PROBLEMS, IN REDUCING 1977 SPARE PARTS IMPORTS).

6. CUBANS SAID THEY HAD NOT YET ADDRESSED QUESTION OF POST-1980 SPARE PARTS SUPPLY WITH SOVIETS, ALTHOUGH SOME THINKING HAS BEEN DONE ON SUBJECT.
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Message Attributes

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Sent Date: 27-Sep-1977 12:00:00 am
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